
Transportation Committee

HB 1812

Brief Description: Creating the transportation project contingency account.

Sponsors: Representatives Ericks and Jarrett.

Brief Summary of Bill

- Exempts transportation projects over \$1 billion from local sales and use taxes, and deposits the proceeds into the newly created Transportation Project Contingency Account.
- Authorizes the Legislature to appropriate moneys from the Transportation Contingency Account for unanticipated transportation project cost increases.

Hearing Date: 2/21/07

Staff: Jeff Olsen (786-7157).

Background:

Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services, including highway construction. The state tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 2.4 percent, depending on the location. The average local tax rate is 2.0, for an average combined state and local tax rate of 8.5 percent.

The Legislature enacted new transportation revenue packages in 2003 and 2005 that includes funding to implement a specific list of projects. Due to project cost inflation, the cost of delivering these projects have increased. The list of projects include two projects with total costs over \$1 billion, the replacement of the Alaskan Way Viaduct and the State Route 520 Bridge.

Summary of Bill:

The local sales tax portion of transportation projects authorized by the Legislature costing over \$1 billion are deposited in the Transportation Project Contingency Account (Account). Moneys in

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the account may be used to pay for unanticipated increases in transportation project costs. The account is appropriated by the Legislature and would retain its proportionate share of interest earnings.

The Department of Revenue must provide the State Treasurer with the amount of taxes for deposit in the account on a quarterly basis, and must report the account balance annually to the Transportation committees of the Legislature by March 1st.

The Legislature must designate projects that meet the criteria in the state transportation budget. The Department of Transportation must identify and report to the Legislature projects that need additional funding due to unanticipated cost increases.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.